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RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS SANAA 001086

SIPDIS

DEPT FOR EEB/IDF/OIA HEATHER GOETHERT AND KIMBERLY BUTLER

E.O. 12958: N/A

TAGS: [CASC](#) [EINV](#) [KIDE](#) [OPIC](#) [PGOV](#) [FR](#) [YM](#)

SUBJECT: YEMEN: 2009 REPORT ON INVESTMENT DISPUTES AND EXPROPRIATIONS

REF: A. STATE 49477

[B. 08 SANAA 1038](#)

¶1. As per REF A request, Post is aware of one ongoing claim (Claimant A) of United States persons against the Republic of Yemen (ROYG). A separate claim (Claimant B) that was listed in last year's report (REF B) was resolved in 2008.

¶2. Claimant A (2005) informed Post on 25 September 2005 of his property claim against the Sanaa Governorate. Claimant A contends that the Governorate seized 113 "libnas" of his land (a libna is a local unit of land area equal to roughly 210 square meters). The seized portion of land is part of a larger 250-libna block in the Beir Obeid zone of Sanaa where the government is planning to build a new road. According to Claimant A's lawyer and an official in the Sanaa Governorate Capital Secretariat, compensation for the land seizure would require the personal approval of Sanaa's mayor. To date, Claimant A has received no decision on compensation in the case, though local officials say the responsibility for pursuing the compensation claim lies with Claimant A. Rather than pushing for compensation, Claimant A maintains that the entire seizure is inappropriate and that the property should be returned. Claimant A has not contacted the Embassy about this matter since September 2005.

¶3. Claimant B's (2005-2008) oil production sharing agreement (PSA) with the ROYG expired on 14 November 2005. The PSA covered an oil concession in Block 18 in the Marib region, which was taken over by the Government-owned Safer Exploration and Production Operations Company. Claimant B had signed a five-year extension agreement with the Ministry of Oil in January 2004, and believed that the agreement was still binding. Claimant B argued that the ROYG required the company to commit to additional investments based on the extension agreement. The Yemeni Parliament overturned the extension agreement, and the cabinet of then-Prime Minister Bajammal terminated the new PSA and provided Block 18 to the ROYG-owned Safer Company. The ROYG contends that the agreement required, and failed to obtain, parliamentary approval and is therefore not legally binding.

¶4. Claimant B filed arbitration procedures against the ROYG on 21 November 2005 before the International Court of Arbitration of the International Chamber of Commerce in Paris, and sought damages of more than USD 1 billion. Hearings took place on the case in September 2007 and, in 2008, the Paris court decided the case in favor of the ROYG. Nonetheless, the court ordered the ROYG to pay Claimant B's legal fees, amounting to USD 20 million. Both sides accepted the result of the Paris court's decision.

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